

Message Text

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FM AMEMBASSY MOSCOW

TO THE WHITE HOUSE IMMEDIATE

SECSTATE WASHDC IMMEDIATE 9106

USTREASURY WASHDC IMMEDIATE

C O N F I D E N T I A L MOSCOW 4951

LIMDIS

WHITE HOUSE FOR THE PRESIDENT

SECSTATE FOR SECRETARY KISSINGER

TREASURY FOR DEPUTY SECRETARY GARDNER

E. O. 11652: XGDS-4

TAGS: OVIP (SIMON, WILLIAM)

SUBJ: SECRETARY SIMON'S CONVERSATION WITH PATOLICHEV

1. INITIAL PRIVATE DISCUSSION TODAY WITH FOREIGN TRADE MINISTER PATOLICHEV WAS INTERRUPTED BY CALL FROM GENERAL SECRETARY BREZHNEV PROPOSING I MEET WITH HIM TOMORROW IN ADDITION TO MEETING ALREADY PLANNED WITH KOSYGIN. PLEASE ADVISE IF THERE ARE ANY PARTICULAR POINTS NOT ALREADY DISCUSSED WHICH YOU WOULD LIKE FOR ME TO RAISE.

2. DURING DISCUSSION I CONVEYED OUR FIRM INTENTION TO SEEK REMOVAL THIS YEAR OF THE LEGISLATIVE IMPEDIMENTS TO NORMALIZATION OF TRADE, BUT MADE CLEAR THAT PREPARATIONS MUST BE CAREFULLY PLANNED WITH RESPONSIBLE LEADERS OF CONGRESS, THAT THIS MONTH WHEN FOCUS IS ON THE TRAGEDY IN VIETNAM WOULD NOT BE A FAVORABLE TIME FOR NEW PROPOSALS, AND THAT PROSPECTS OF SUCCESS IN ACHIEVING OUR COMMON OBJECTIVE WILL BE GREATLY ENHANCED IF THERE

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IS VISIBLE EVIDENCE OF PROGRESS IN OTHER AREAS OF DETENTE,

FOR EXAMPLE, IN THE SALT TALKS.

3. PATOLICHEV THEN MADE STRONG POINT OF HIS CONCERN THAT JANUARY REMARKS OF SECRETARY KISSINGER AND COMMENTS HERE RECENTLY OF THREE VISITING CONGRESSMEN SEEMED TO INDICATE AN ERRONEOUS IMPRESSION THAT PRINCIPAL CONCERN OF SOVIET GOVERNMENT IS TO OBTAIN TRADE CREDITS. HE POINTED OUT THAT WHILE US CONGRESS WAS CONSIDERING MATTER OTHER GOVERNMENTS HAD EXTENDED DOLS 7 BILLION OF CREDITS AND THAT EXTENDING THE TOTAL TO DOLS 7.3 BILLION BY ADDING EXIMBANK WOULD NOT REALLY CHANGE THE ORDER OF MAGNITUDE. HE ASKED THAT WE UNDERSTAND THAT THEIR INTERESTS ARE IN THE FOLLOWING ORDER: FIRSTLY, NON-INTERFERENCE IN INTERNAL AFFAIRS; SECONDLY, REMOVAL OF TRADE DISCRIMINATION; AND ONLY, THIRDLY, EXPORT CREDIT. HE ALSO COMMENTED THAT EXPORT CREDIT AFFECTS ONLY US EXPORTS WHILE REMOVAL OF TRADE DISCRIMINATION IS OF IMPORTANCE TO SOVIET EXPORTS.

4. WHEN I MENTIONED APPOINTMENT OF MEMBERS OF NEW EAST-WEST TRADE BOARD HE EXPRESSED TWO CONCERNS: THAT SOME OF WORDS IN THE LEGISLATION FOR THE NEW BOARD SEEMED TO TRANSLATE INTO RUSSIAN AS "CONTROL" OF TRADE, AND THAT WE NOT UNDERESTIMATE IMPORTANCE OF CONTINUING PERSONAL CONTACTS WITHOUT OVERLY FREQUENT CHANGE OF MEMBERSHIP. I EXPLAINED THAT THE NEW BOARD, LIKE THE FORMER EAST-WEST TRADE COMMITTEE, WOULD SEE THE PROMOTION OF TRADE AS ITS PRIMARY OBJECTIVE, AND THAT I WOULD CHAIR THE NEW BOARD JUST AS I HAD THE PREVIOUS COMMITTEE. IN THIS MANNER WE SHALL PROVIDE CONTINUTIY IN RELATIONSHIPS AND IN OPERATION.
STOESSEL

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